

Integrated Waste Management Fund

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T*o provide solid waste disposal and recycling services, collection of fees for those services, and City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:*

- *Garbage collection, recycling services, public outreach, and administration;*
- *Management of the city-wide disposal contract (IDC);*
- *Customer billing and customer service*

Integrated Waste Management Fund

Budget Summary

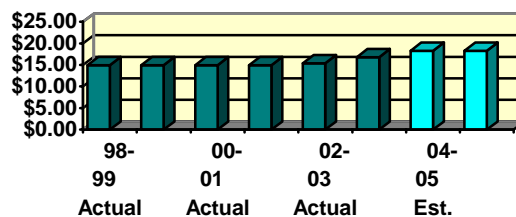
	2003-2004 Adopted	2004-2005 Proposed	Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 61,825,344	\$ 62,846,891	1.7%
Accounting and Lien Collection	\$ 1,267,260	\$ 1,278,751	0.9%
City-Wide Disposal Contract Mgmt.	\$ 8,525,617	\$ 7,991,698	(6.3%)

Budget Highlights 2004-2005

- ☐ In 2004-2005, the main activities of this fund will include: shifting eligible costs to this fund from the General Fund; providing 40 additional curb-miles of enforced sweeping; working with the Finance and Information Technology Departments to implement the Customer Relationship Management, Utility Billing System, and Partner Relationship Management (CUSP) system, if approved by Council, and conducting a study of the Commercial Franchise program.
- ☐ In 2004-2005, the third year of the Council-approved strategy to gradually reduce the Commercial (AB939) Fee by 50%, from \$1.00 to \$0.50 per cubic yard, with a commensurate increase to the Commercial Solid Waste Franchise Fees from \$2.84 to \$3.34 per cubic yard will be implemented. This year, the shift between these fees will be \$0.10 per cubic yard.
- ☐ A key goal for this fund in 2004-2005 is to establish the basis for achieving cost-recovery for both single-family and multi-family garbage and recycling rates over the next five years.

Budget Byte

San José Garbage & Recycling
Single-Family Residential Rates



San José Garbage & Recycling
Single-Family Residential Rates

	1998- 1999	1999- 2000	2000- 2001	2001- 2002	2002- 2003	2003- 2004	2004- 2005
Rate	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Est.</u>
	\$14.95	\$14.95	\$14.95	\$14.95	\$15.40	\$16.80	\$18.30

Integrated Waste Management Fund

Fund Overview

In 2004-2005, the second year of the Recycle Plus Program multi-year cost-recovery rate increase strategy, originally approved by the City Council as part of the 2003-2004 Adopted Operating Budget, will be implemented. Increases in the single-family dwelling (SFD) and multi-family dwelling (MFD) Recycle Plus residential garbage rates of 9% annually were approved, effective July 1, 2003. These rates are proposed to be increased again by 9% effective July 1, 2004 in an effort to bring the programs closer to cost recovery. The average single-family household will have a monthly increase of \$1.50 (from \$16.80 to \$18.30). After cost-recovery has been achieved, subsequent increases for both SFD and MFD should reflect only projected cost of living increases, Council approved actions, and ongoing program expenses to maintain cost-recovery. A multi-year Public Hearing notice was sent to all property owners in April 2003 notifying them of these potential increases for each of the following two years. Even with these increases, compared to other cities of similar size offering similar recycling and garbage services, both nationally and locally, San José will continue to rank among the lowest in single-family dwelling residential garbage rates.

An additional benefit in achieving cost-recovery is the ability to implement a gradual reduction in the Commercial (AB939) Fee. The 2002-2003 Adopted Operating Budget approved a reduction in these fees of 50% from \$1.00 to \$0.50 per cubic yard, with a commensurate increase to the Commercial Solid Waste Franchise Fees from \$2.84 to \$3.34 per cubic yard as part of a multi-year strategy designed to conclude in 2005-2006. In 2002-2003, the AB939 Fee was reduced by \$0.14 from \$1.00 per cubic yard to \$.86 per cubic yard. Correspondingly, the Franchise Fee increased from \$2.84 to \$2.98 per cubic

yard. In 2003-2004, a continuation of this strategy shifted an additional \$0.26, changing the AB939 Fee to \$0.60 per cubic yard and the Commercial Solid Waste (CSW) Franchise Fee from \$2.98 to \$3.24 per cubic yard. The final commercial fee shift is proposed to be accelerated to occur in 2004-2005 instead of 2005-2006 as originally scheduled. The CSW Franchise Fee is proposed to be \$3.34 and the AB939 Fee is to be \$0.50 per cubic yard. Although the total commercial solid waste fee load on businesses will remain the same at \$3.84 per cubic yard, the overall fee changes will bring additional revenues to the General Fund.

Several actions in this fund are recommended to help relieve the General Fund support of programs in the Integrated Waste Management (IWM) Fund. A shift in the costs for Neighborhood Clean-Up bins (\$231,558) to the IWM Fund to be supported by late fees and the redistribution of costs of Civic yard trimmings (\$80,000) to be supported by the yard-trimming program is proposed in this document.

Continuing in 2004-2005 will be the implementation of an integrated Customer Relationship Management, Utility Billing System, and Partner Relationship Management (CUSP) system that will replace the current billing system; provide more accurate and timely reporting; staff efficiencies; and improved response time to customer inquiries. The CUSP system should also address the increased contract performance monitoring needs that are part of the new Recycle Plus contracts. The new system will allow the City and contractors to more closely track performance and also to share customer service information in real time, leading to more consistent information and improved service.

Integrated Waste Management Fund

Fund Summary

	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Proposed 3	% Change (2 to 3)
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Dollars by Sources				
Beginning Fund Balance	\$ 13,323,539	\$ 8,277,064	\$ 8,525,129	3.0%
Operating Revenues	60,086,717	68,461,510	70,938,296	3.6%
Interest and Other	714,831	470,544	398,573	(15.3%)
Transfers	315,595	0	0	N/A
Total	\$ 74,440,682	\$ 77,209,118	\$ 79,861,998	3.4%
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Dollars by Uses				
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 54,611,586	\$ 61,825,344	\$ 62,846,891	1.7%
Accounting and Lien Collection	1,063,339	1,267,260	1,278,751	0.9%
City-Wide Disposal Contract Management	7,600,890	8,525,617	7,991,698	(6.3%)
Ending Fund Balance	11,164,867	5,590,897	7,744,658	38.5%
Total	\$ 74,440,682	\$ 77,209,118	\$ 79,861,998	3.4%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Overview

This category provides overall direction to ensure achievement of City objectives related to the reduction of solid waste and waste management. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts and customer service for San José residents and franchises for businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City; provides policy and technical analysis;

promotes programs for market development; and ensures compliance with environmental laws and permits. The Public Outreach Services unit designs, implements, and evaluates major public education outreach and marketing initiatives in support of recycling, composting, and waste reduction objectives. Administrative Services includes support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Proposed 3	% Change (2 to 3)
Garbage and Recycling Services	\$ 51,307,012	\$ 57,943,989	\$ 59,170,314	2.1%
Public Outreach	909,559	677,366	602,818	(11.0%)
Administrative Services	2,395,015	3,203,989	3,073,759	(4.1%)
Total	\$ 54,611,586	\$ 61,825,344	\$ 62,846,891	1.7%

Since the transition to new contracts in 2002-2003, the public outreach program has returned to pre-transition levels, enabling a corresponding budget reduction. The educational aspects of the Recycle Plus goals are continuing with fewer special meetings and events. Staff analyzes each event as to

residential needs and impact to determine staff participation levels.

The Garbage and Recycling Services increase through the contractually required CPI formula is partially offset by the Street Sweeping cost reductions from going from a twice to once monthly sweep.

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary (Cont'd.)

The following changes are proposed in 2004-2005 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Proposed Allocation	2003-2004 Adopted	Change	2004-2005 Proposed
Garbage and Recycling Services	\$ 57,943,989	\$ 1,226,325	\$ 59,170,314

The majority of the changes in the 2004-2005 Proposed Budget reflect changes in the Base Budget. The garbage and recycling contracts reflect contractual cost of living increases (\$1,529,209). In addition, increases in this category reflect the proposed shift of Neighborhood Clean-Up bins (\$231,558) and Civic Yard Trimming costs to this fund from the General Fund in the Environmental Services Department, proposed expansion of street sweeping enforcement efforts in the Department of Transportation (\$106,571), proposed personal services funding shifts in the Environmental Services Department (\$3,139), and increases in benefits costs in the Department of Transportation and Environmental Services Department (\$638,984). Finally, increases reflect the erroneous exclusion of Department of Transportation costs in the 2003-2004 Adopted Operating Budget, allocated to the Administrative Services Program rather than Garbage and Recycling Services (\$289,425). These increases are partially offset by the elimination of one-time funding in the Environmental Services Department for CUSP (\$948,000), street sweeping signage (\$452,000), and video conferencing (\$20,000); and proposed staffing realignment and efficiency savings in the Environmental Services Department (\$152,561).

Public Outreach	677,366	(74,548)	602,818
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The decrease in Public Outreach Services primarily reflects proposed reduction of non-personal outreach materials and giveaways at events allocated in the Environmental Services Department (\$67,512) and a redistribution of public outreach resources to other areas in the 2004-2005 Base Budget (\$7,036).

Administrative Services	3,203,989	(130,230)	3,073,759
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Changes in the Administrative Services Program reflect the erroneous allocation of Department of Transportation costs in this category rather than Garbage and Recycling Services (\$289,425) as reflected in the 2003-2004 Adopted Operating Budget. This decrease is partially offset by proposed funding shifts in the Information Technology Department (\$34,489), increases in overhead (\$68,754), changes in Workers' Compensation Claims (\$4,800), and benefits cost increases in the Information Technology, General Services Departments and the Office of the City Manager (\$51,152).

Total Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 61,825,344	\$ 1,021,547	\$ 62,846,891
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Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Overview

This category provides accounting and delinquency collection services for the residential Recycle Plus program, including the

Garbage Lien unit. Program staff performs revenue, expenditure and accounts receivable reconciliation.

Budget Category Summary

Accounting and Lien Collection	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Proposed 3	% Change (2 to 3)
Accounting and Lien Collection	\$ 1,063,339	\$ 1,267,260	\$ 1,278,751	0.9%
Total	\$ 1,063,339	\$ 1,267,260	\$ 1,278,751	0.9%

The following changes are proposed in 2004-2005 in the Accounting and Lien Collection allocation:

Proposed Allocation	2003-2004 Adopted	Change	2004-2005 Proposed
Accounting and Lien Collection	\$ 1,267,260	\$ 11,491	\$ 1,278,751

Changes in Accounting and Lien Collection result from proposed staffing shifts for Recycle Plus cashing services (\$27,323) and administrative support (\$24,591); and benefits cost increases (\$13,902) in the Finance Department. These increases are partially offset by proposed reductions of network support staffing (\$23,907) and the reduction of a portion of a Secretary position (\$30,418) in the Finance Department.

Total Accounting and Lien Collection	\$ 1,267,260	\$ 11,491	\$ 1,278,751
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Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview

This program manages the City-wide Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

Budget Category Summary

City-Wide Disposal Contract Management	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Proposed 3	% Change (2 to 3)
City-Wide Disposal Contract Management	\$ 7,600,890	\$ 8,525,617	\$ 7,991,698	(6.3%)
Total	\$ 7,600,890	\$ 8,525,617	\$ 7,991,698	(6.3%)

San José entered into a 30-year agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully renegotiated changes to the agreement in 1995 in order to maximize the value of the agreement while minimizing the cost and risk to the City. The term was extended through 2020, with additional years if the site is still open. The residential disposal costs paid for from the IWM Fund are to dispose of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings. Disposal of waste generated at City facilities or by City programs, is paid from the General Fund at a lower rate.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for actual amounts of residential waste delivered to the landfill; fees and taxes that IDC must pay back to the City; State and County surcharges; and regulatory rate payments on a per-ton basis for costs resulting from changes to laws and regulations made after June 6, 1985. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2020.

Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview (Cont'd.)

The following changes are submitted in 2004-2005 in the City-Wide Disposal Contract Management allocation:

Proposed Allocation	2003-2004 Adopted	Change	2004-2005 Proposed
City-Wide Disposal Contract Management	\$ 8,525,617	\$ (533,919)	\$ 7,991,698

A decrease was included in the 2004-2005 Base Budget as a result of reduced tonnage due to increased diversion in the Recycle Plus program.

Total City-Wide Disposal Contract Management	\$ 8,277,298	\$ (533,919)	\$ 7,991,698
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